



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

Number: **200736028**  
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6033.00-00

Dear \_\_\_\_\_ :

This is in response to your letter of March 31, 2006, as amended by the letter of January 9, 2007, on behalf of \_\_\_\_\_ in which you request information concerning the reporting on Form 990, *Return of Organization Exempt from Income Tax*, of contributions received by an organization exempt under section 501(c)(3) of the Internal Revenue Code serving as a Principal Combined Fund Organization ("PCFO") for the Combined Federal Campaign ("CFC").

In your letter, you state that it is \_\_\_\_\_'s position that in acting as the PCFO for the CFC:

- 1) \_\_\_\_\_ is considered the donee organization under section 1.170A-13(f)(12) of the Income Tax Regulations (hereinafter "Regulations") solely for purposes of substantiating contributions of \$250 or more under section 170(f)(8) of the Internal Revenue Code (hereinafter "Code");
- 2) \_\_\_\_\_ should include as contributions on Line 1, Part 1 of the Form 990 ("Contributions, gifts, grants, and similar amounts received") only those funds net of expenses from the CFC that have been designated by the donor to \_\_\_\_\_ and the portion of undesignated funds which have been allocated to \_\_\_\_\_;
- 3) \_\_\_\_\_ should be treated as any other federation or charity that receives funds from the PCFO in recording only those funds received for its benefit net of expenses.

With respect to item (1) above, section 1.170A-13(f)(12) of the Regulations states that an organization described in section 170(c) of the Code, or an organization described in 5 CFR 950.105 (a PCFO for purposes of the CFC) and acting in that capacity, that receives a payment made as a contribution is treated as a donee organization solely for purposes of section 170(f)(8) of the Code, even if the organization (pursuant to the donor's instructions or otherwise)

distributes the amount received to one or more organizations described in section 170(c) of the Code (as long as no goods or services are provided to the donee organization by the distributee organization). This principle has been extended to all contributions made by payroll deduction. See Notice 2006-110, 2006-51 I.R.B. 1127 (Dec. 1, 2006), attached.

With respect to items (2) and (3) above, the issue is the extent of the control, if any, has over the CFC funds that it collects and distributes as the PCFO. If there is sufficient control, treats them as contributions to itself and reportable on line 1 of the Form 990. In the 2006 Form 990 instructions, page 4, there is an example of one organization collecting funds as an agent of another with no right to use the funds. The funds in question are not considered gross receipts of the organization collecting them. In your situation, the issue of control can only be resolved by analyzing the agreement between , as the PCFO, and CFC. We can only give a formal ruling on the matter via a private ruling request, not via an information letter. If wishes to seek a private letter ruling, the procedure is described in Rev. Proc. 2007-1, 2007-4 I.R.B. 118.

To the extent , as the PCFO, treats such amounts as contributions, it is required by section 6033 of the Code to record the gross amounts, not amounts net of expenses, on line 1 of Form 990. An organization exempt under section 501(a) of the Code, in accordance with section 6033, is required to file an annual return, specifically stating its items of gross income, receipts, and disbursements. Section 1.6033-2(g)(4) of the Regulations defines the term "gross receipts" as the gross amount received by an organization during its annual accounting period from all sources without reduction for any costs or expenses. Gross receipts is further defined by this section as including the gross amount received as contributions, gifts, grants, and similar amounts without reduction for the expenses of raising and collecting such amounts.

We note that this letter is not a ruling and may not be relied on as such. If you have any further questions, please contact me at ( ) , or the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

Michael C. Seto  
Manager, Exempt Organizations  
EO Technical Guidance and Quality  
Assurance Group 1

Attachment:  
Notice 2006-110